

July 26, 2024

Kevin S. Jones

Licensed to Practice in
Montana & Texas
kevin@jonesmtlaw.com

Joseph D. Houston

Licensed to Practice in
Montana & Idaho
joe@jonesmtlaw.com

Remy J. Orrantia

Licensed to Practice in
Montana & Washington
remy@jonesmtlaw.com

Christy Shipp

Legal Assistant
christy@jonesmtlaw.com

Bronwyn Link

Legal Assistant
bronwyn@jonesmtlaw.com

Sent via e-mail only

Samuel J. King

Chief Legal Counsel

Montana Department of Environmental Quality

P.O. Box 200901

Helena, MT 56920-0901

samuel.king@mt.gov

RE: Issuance of Tax Deed to Goldfields Funding Partners LLC
Rule 408 Offer of Compromise

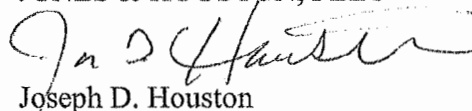
Dear Sam:

This letter follows our recent correspondence and telephone conference. Goldfields Funding Partners (Goldfields) proposes the following resolution to the current dispute with DEQ regarding this matter. Goldfields will enter into an agreement with Montana Tunnels Mining Inc. (MTMI) that upon issuance of the tax deed, MTMI will retain use of the subject properties with a right to purchase the properties back from Goldfields once MTMI has obtained the necessary financing. In addition, Goldfields will agree to grant DEQ the same security interest in the properties that it currently possesses. The foregoing is conditioned upon DEQ agreeing that once the requisite bond is posted, MTMI's "bad actor" status will be removed and MTMI will be permitted to resume mining operations.

I believe this proposal is beneficial to DEQ. It enables DEQ to maintain its current security interest in the property without having to redeem the tax lien. Although a court action by DEQ may temporarily delay issuance of the tax deed, I do not believe DEQ has any legal basis to prevent the tax deed from ultimately being issued. As we discussed, Goldfields is agreeable to the County Treasurer holding off on issuing the tax deed while we explore a possible resolution if DEQ will hold off on the filing of a court action. I believe we should know soon whether an agreeable resolution is possible. I look forward to DEQ's response.

Sincerely,

JONES & HOUSTON, PLLC



Joseph D. Houston

cc: client